

DEMOGRAPHIC INFORMATION

Initial results of the 2010 Census were released on December 21, 2010, and showed California's population to be 37,253,956 people in April 2010. These data were not released in time to incorporate in the population analysis for the Governor's Budget. While this count is considerably lower than expected, insufficient information is currently available to determine to what extent it reflects an undercount and the degree to which Department of Finance's estimates should be adjusted. Therefore, the Department of Finance will adjust for 2010 census data for the May Revision population estimates.

POPULATION OVERVIEW

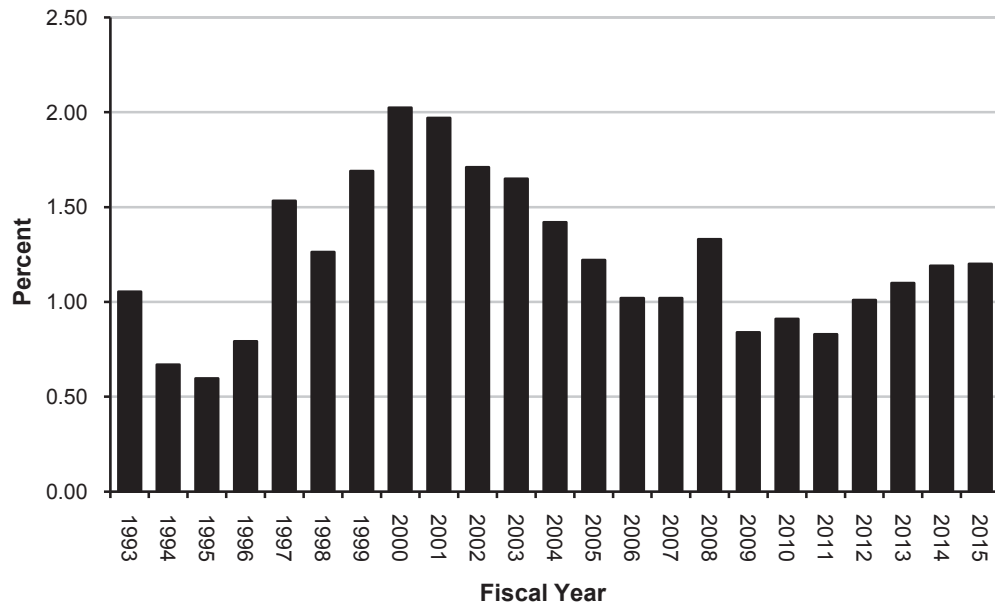
With nearly 39 million people as of mid-2010, the Governor's Budget estimates show that California's population continues to experience growth. Similar to the slowdown in the mid-1990's, the state's growth has been less than one percent for the last two years.

- The estimate of the population on July 1, 2010, is 38,827,000
- It is forecast to be 39,151,000 by mid-2011 and 39,548,000 by mid-2012.
This reflects a short-term annual growth rate of 0.9 percent.

Figure DEM-01 displays the projected annual growth rates through 2015.

Through the next five years, the state will grow by an average of 423,000 people each year. Natural increase (more children being born than people dying) will account for nearly three times as much growth (71 percent vs. 29 percent) as net migration (people

Figure DEM-01
California's Annual Population Growth Rate

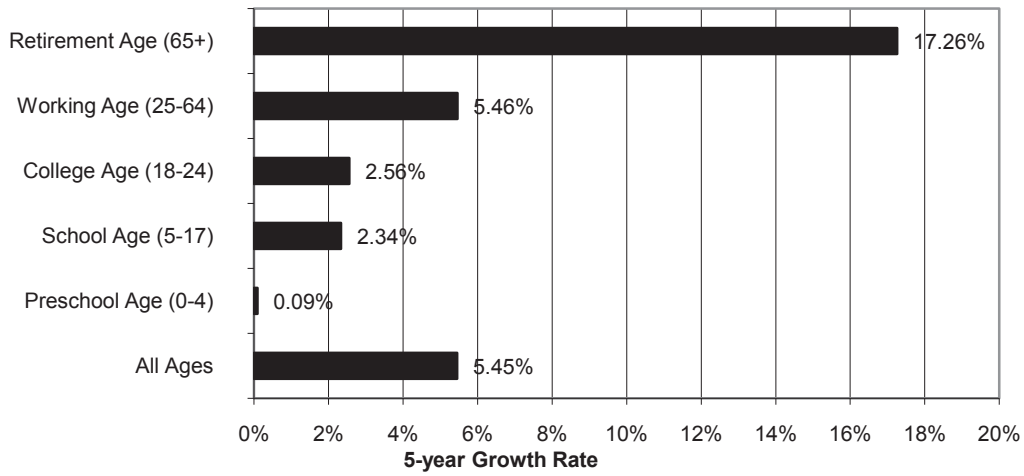


moving to California from other states and other countries, less those moving out). By July 2015, California will add more than 2.1 million people to reach nearly 41 million, a five-year growth rate of 5.5 percent. The Department of Finance's last long-term projection series, conducted prior to the recession, predicts that California will exceed 50 million by 2032. However, recent slower population growth if continued could delay that projected date by several years.

Population growth rates vary significantly by age group. The state's projected total five-year population growth of 5.5 percent is much higher than the 0.1-percent growth in the preschool age group, as births have fallen sharply for calendar years 2008 and 2009. This is by far the slowest growing age group over the next five years. Both the school-age group and the college-age group increase about half as fast as the total population with growth rates of 2.3 percent and 2.6 percent respectively. The working-age population will grow by 1.1 million or 5.5 percent. The retirement-age group, those over 65, will soar with a growth rate of more than 17 percent.

Figure DEM-02 shows the projected cumulative growth rates by age group through 2015.

Figure DEM-02
**Projected California Population Growth
 Rate by Age Group (2010-2015)**



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